

Chairperson: Steve Cady, 278-4347

Clerk: Jodi Mapp, 278-4073

SELECT COMMITTEE ON DEFERRED COMPENSATION

Monday, February 12, 2007 – 9:00 a.m.

Milwaukee County Courthouse - Room 203-P

MINUTES

CASSETTE: 13; Side B, 358 to EOT
14; Side A, 001 to EOT
14; Side B, 001 to 503

PRESENT: Mark Grady, Susan Walker, Rick Ceschin, Veronica Britt, and Steve Cady (Chair)

SCHEDULED ITEMS:

**** CLOSED SESSION ****

The Committee may adjourn into closed session under the provisions of Wisconsin Statutes, Section 19.85(1)(f), for the purpose of discussing the following matter(s). The Committee may reconvene into open session to take whatever action(s) it may deem necessary on the said matter(s).

1. 07DC1 Appeal(s) from deferred compensation participant(s) of decisions regarding request(s) for hardship withdrawal(s) of funds from Milwaukee County's Deferred Compensation Plan.

13/B-368 **There were no appeals.**

2. 07DC2 Report from Department of Administrative Services-Information Management Services Division (DAS-IMSD), Ceridian Corporation, and Great-West Retirement Services regarding the status of the proposed human resource and payroll interface with the County's Deferred Compensation program. **(VERBAL REPORT AND HANDOUT FROM GREAT-WEST. INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

APPEARANCES:

Hugh Morris, Business Systems Project Manager, IMSD (DAS)
Darryl Collier, Great-West Retirement Services

13/B-545 Mr. Morris stated Great-West will be sending a file. The file matches the format that Ceridian requested be loaded into the system. This file will eliminate doing

SCHEDULED ITEMS (CONTINUED):

data entry for deductions whether there are changes, additions, or deletions. The file will be processed by Ceridian. He stated this completes a full circle where enrollments can be done online and any changes or deductions that are taking place will come back into the system via this file.

Mr. Morris recommended, in the interim, delaying the move to online enrollment for Great-West until after the implementation of Ceridian payroll, which will be taking place third quarter. Following payroll implementation, there would be a conversion to online enrollment using the web and the website from Great-West. He also recommended expanding the current information feed from what it is now to what has been requested by Great-West. What he is recommending now is modifying the current file by changing it from those individuals who are contributing to all individuals who are eligible and that the information be expanded in advance of actually doing the conversion. Mr. Morris predicted online enrollment to be up and running sometime August or September.

Questions and comments ensued.

- 13/B-593 Mr. Ceschin suggested the audit contract include a provision regarding the handling of personal data. He suggested putting controls in place for data protection and having some sort of confidentiality agreement in place for all files. Mr. Collier stated that Great-West would be more than happy to comply in that respect and added that would be in addition to the many privacy acts they adhere to that is mandated throughout the industry.

The Committee took no action regarding this informational report.

**** CLOSED SESSION ****

The Committee may adjourn into closed session under the provisions of Wisconsin Statutes, Section 19.85(1)(e), for the purpose of discussing the following matter(s). The Committee may reconvene into open session to take whatever action(s) it may deem necessary on the said matter(s).

3. 07DC3 Review of the proposed request for proposals (RFP) for the audit of the third party administration of the Deferred Compensation Plan.

APPEARANCE:

Jerry Heer, Director of Audits, County Board

- 13/B-386 The Chairman explained this item came before the Committee last year when a discussion took place regarding an audit of the Plan. The Chairman, with the assistance of the Director of Audits, put an RFP together for the review and consideration of the Committee. The report that is before the Committee today

SCHEDULED ITEMS (CONTINUED):

(copy attached to original minutes) is an audit of the contract between Milwaukee County and Great-West Retirement Services for planned administration. The last plan audit took place in the early 90s. This is a five year contract. Three years are guaranteed with two option years.

Questions and comments ensued.

13/B-411 Mr. Grady pointed out a typing error on Page 3, Subsection C. The word “are” that falls between the words “participants” and “reporting” should be replaced with the word “and.” He also suggested that when evaluating the RFPs to make an award, a consensus selection should be used rather than a scoring system. The Chairman suggested that the verbiage be worded as follows: An award will be made to the strongest proposal based on the following criteria. After further discussion, the Chairman indicated that he would work with Mr. Heer to formulate the proper language.

13/B-473 Mr. Heer stated the main concern has been more with the documentation of the decision making process whether it’s a scale of one to one hundred or more of a subjective consensus formed by the evaluation panel and recommended to this Committee. He agrees that this is something that should be resolved and put in writing before proposals are submitted so that it is clear that the criteria was determined before submissions from firms are received. Mr. Heer went on to advise the Committee to make sure the criteria is determined beforehand, document judgment that supports the decision, and retain those documents in case the process is ever questioned externally.

ACTION BY: (Grady) Move forward with the Request for Proposals (RFP) process with the changes as stated above. 5-0

AYES: Grady, Walker, Ceschin, Britt and Cady (Chair) – 5

NOES: 0

4. 07DC4 Financial update on administration of Milwaukee County’s Deferred Compensation Plan. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

14/A-27 The Chairman stated the report that is before the Committee (copy attached to original minutes) is the second edition of a budget document. An official budget was never adopted, however, this document assists in setting parameters or expectations as to what is being spent in different areas. He addressed surplus, mutual fund revenue sharing, gross asset fee revenue, and reconciliations from Great-West.

14/A-88 Mr. Ceschin suggested at the November meeting, the Committee approve a 2008 Budget in order to have a good handle on expectations; in particular, the

SCHEDULED ITEMS (CONTINUED):

forfeiture account.

Questions and comments ensued.

The Committee took no action regarding this informational report.

5. 07DC5 From Ennis Knupp and Associates, providing a report on the Forfeiture Account surplus and options to reduce participant administrative fee revenue.

APPEARANCE:

Laurel Nicholson, Ennis Knupp and Associates

- 14/A-184 Ms. Nicholson stated the report (copy attached to original minutes) details three different options for reducing participant administrative fee revenue. Those options are a fee holiday, a rebate, and a reduction of fees. A surplus has been building over time because the amount collected from participants is larger than what contractually is paid to Great-West for their record keeping services, as well as any other reasonable plan expenses that need to be paid from that account. Legal fees, consulting fees, and certain publications are also paid through the account.

Ms. Nicholson explained in greater detail all three options. She stated the fee reduction and/or the fee holiday is the most reasonable and appropriate way to go about the Committee's goal of offering the participants savings. She suggested granting the fee holiday for a six-month period of time, review the balance in the account after that six-month period, and then consider whether a continued fee holiday or fee reduction would be appropriate. A six-month period of time would allow enough time to evaluate how the process is working.

Questions and comments ensued.

ACTION BY: (Grady) Implement a Fee Holiday for the second, third, and fourth quarters of 2007 for all fees paid for by participants to administer the plan. 5-0

AYES: Grady, Walker, Ceschin, Britt and Cady (Chair) – 5

NOES: 0

6. 07DC6 From Ennis Knupp and Associates, providing a report on Lifecycle Funds.
(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

APPEARANCES:

Laurel Nicholson, Ennis Knupp and Associates

Darryl Collier, Great-West Retirement Services

SCHEDULED ITEMS (CONTINUED):

- 14/A-458 Ms. Nicholson indicated that from a clean slate approach, Ennis Knupp views lifecycle funds as superior to lifestyle funds. Lifecycle funds are funds that have a dynamic asset allocation structure that move increasingly conservative as a participant approaches their retirement year. Lifestyle funds are based on risk tolerance and preferences. T. Rowe Price personal strategy funds, which are currently in the plan, are lifestyle funds. They are conservative, moderate and aggressive.

As she previously stated, from a clean slate approach, lifecycle funds are often superior. This isn't a clean slate. Drawbacks to making a change at this point are based on the fact that Milwaukee County currently has funds in place that are being used and have performed very well. Their expense ratios are very reasonable, and participants are offered other plan features such as investment advice and other tools that can be used to make their asset allocation decisions. In addition, off the shelf products in almost any big provider will offer lifecycle funds, which may not fit the profile of a typical County employee. These funds really target a retirement age of around 65 and if a typical participant is on a different time horizon, that could be a problem. A way to solve that problem is to look at customized funds. Great-West has been working on some guidelines internally on the administration and development of customized lifecycle funds.

However, Ms. Nicholson stated the benefits are very compelling such as the dynamic asset allocation structure. Research has indicated that one of the biggest problems participants have is getting their investments in a diversified investment structure. Another benefit would be selecting an asset allocation strategy that is appropriate for them. Lifecycle funds can solve those two issues. She also stated that if the County ever decides to go with automatic enrollment, lifecycle funds work really well with automatic enrollment. Overall, Ennis Knupp thinks lifecycle funds are a really neat product that helps participants, when they're communicated appropriately and when participants know what the products are, to get in a fund that's appropriate for them.

She mentioned the other important thing to consider is upcoming events. The Committee is contemplating re-bidding the record keeping services. This should probably wait until the Committee has weighed the options of incorporating customized lifecycle funds versus off the shelf lifecycle products into the RFP process. Ms. Nicholson indicated she wouldn't recommend making any big change right now when it is not one hundred percent sure how the plan is going to be administered in the near future.

- 14/A-514 Mr. Collier added that Great-West is pursuing documentation that will support the customization of these lifecycle funds. Some of the things they have to do is through compliance in terms of making sure that they don't develop what is called a security by the way the fund is operated. They expect to have clearance

SCHEDULED ITEMS (CONTINUED):

within the next quarter. Great-West is just going through all of the fine documentation to ensure that they are not going against any SEC laws.

Questions and comments ensued.

14/A-608 The Chairman ordered this item laid over and will be revisited at a later date.

The Committee took no action regarding this informational report.

7. 07DC7 From Ennis Knupp and Associates, providing a presentation on the 2006 Market Environment. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

APPEARANCE:

Laurel Nicholson, Ennis Knupp and Associates

14/A-612 Ms. Nicholson directed the Committee's attention to the report (copy attached to original minutes) and stated that 2006 was a year of improved returns for the markets. She covered 2006 performance for U.S. Stocks including sector returns, valuations, large-cap versus small-cap, growth versus value, and active management. She also covered 2006 performance for Non-U.S. Stocks including the dollar effect, the currency effect, emerging markets, and active management. Ms. Nicholson discussed U.S. Bonds and Ennis Knupp's long term view of the markets.

Questions and comments ensued.

The Committee took no action regarding this informational report.

8. 07DC8 Fourth Quarter 2006 Performance Report, from Ennis Knupp and Associates. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

APPEARANCE:

Laurel Nicholson, Ennis Knupp and Associates

14/B-46 Ms. Nicholson gave the Committee an update as it relates to the Fourth Quarter 2006 Performance Report (copy attached to original minutes) providing a year-to-date overview summary of fund performance for Milwaukee County's plan. She discussed in detail funds that returned negative performance during the fourth quarter and under performed their benchmarks.

Questions and comments ensued.

SCHEDULED ITEMS (CONTINUED):

The Chairman asked if the Plan qualifies for a lower cost share class in the PIMCO Total Return Fund. Ms. Nicholson confirmed that the Plan would qualify for the Institutional Share Class based on the total assets. Great-West will work with the Chairman to develop the communication to Plan participants notifying them of the fund change to the lower cost share class.

ACTION BY: (Ceschin) Seek the conversion of the current PIMCO Total Return Fund to the Institutional Class Shares. 5-0

AYES: Grady, Walker, Ceschin, Britt and Cady (Chair) – 5

NOES: 0

**** CLOSED SESSION ****

The Committee may adjourn into closed session under the provisions of Wisconsin Statutes, Section 19.85(1)(e), for the purpose of discussing the following matter(s). The Committee may reconvene into open session to take whatever action(s) it may deem necessary on the said matter(s).

Item #s 9 and 10 were considered together.

9. 07DC9 Discussion of whether the current contract with Great-West Retirement Services for third party administrator services should be renewed effective October 1, 2007 or whether a Request for Proposals (RFP) process should be initiated.

SEE ITEM 10 FOR COMMITTEE ACTION

10. 07DC10 Proposal from Ennis Knupp and Associates, outlining consulting services to assist the County in a Request for Proposals (RFP) process for third party administrator duties.

ACTION BY: (Ceschin) Adjourn into closed session under the provisions of Wisconsin Statutes, Section 19.85(1)(e), for the purpose of discussing Item #s 9 and 10 above. At the conclusion of the closed session, the Committee may reconvene in open session to take whatever action(s) it may deem necessary on the aforesaid items. 5-0

AYES: Grady, Walker, Ceschin, Britt and Cady (Chair) – 5

NOES: 0

The Committee convened into closed session at approximately 11:07 a.m. and reconvened in open session at approximately 11:28 a.m. The roll call was taken and all Committee Members were present.

SCHEDULED ITEMS (CONTINUED):

ACTION BY: (Grady) Lay Item #s 9 and 10 over to the Call of the Chair for a special meeting prior to March 30, 2007. 5-0

AYES: Grady, Walker, Ceschin, Britt and Cady (Chair) – 5

NOES: 0

11. 07DC11 From Great-West Retirement Services, fourth quarter 2006 report on the Milwaukee County Stable Fund. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

14/B-358 The Chairman explained that this report (copy attached to original minutes) is a report provided every quarter. It worked out that it came before this meeting, so he decided to put it on the agenda as an informational item. The report contains a lot of data, and the Chairman thought it should be put on the record for everyone to see.

The Committee took no action regarding this informational report.

12. 07DC12 From Great-West Retirement Services, activity reports and status of Plan Enhancements. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

APPEARANCES:

Sue Oelke, Great-West Retirement Services

Marco Gruhalski, Great-West Retirement Services

14/B-375 Ms. Oelke indicated that the Committee was provided with third and fourth quarter reports (copy attached to original minutes), which track the activity of the local staff i.e. what they have done, the number of group meetings they have had, and the number of site visits they have conducted. She stated that these reports will be provided to the Committee thirty days after the close of each quarter. Great-West will work continually to improve the reports, but this can serve as an example for the format. Some data was excluded like web statistics but will be included in the first through third quarter reports and then rolled up into the year end report. She stated they are open to providing any type of data the County is looking for.

Also included in the packet was a plan review for 2006. It was agreed that this report would be brought back every six months. Since the Ceridian interface has not been completed, they were unable to provide the Committee with more demographic information in the report on the plan.

Ms. Oelke stated that Great-West will continue to work closely with the Chairman on formatting and layout of some of the screens on the new website, which has

SCHEDULED ITEMS (CONTINUED):

been launched. It is in an effort to make it look better. They are also working on the content for the website. Great-West wants to post a survey on the website to really see if the needs of participants are being met. Drafts have been provided to the Chairman for his review.

Questions and comments ensued.

The Committee took no action regarding this informational report.

13. 07DC13 Future regularly scheduled meetings of the Select Committee on Deferred Compensation:

- May 21, 2007
- July 30, 2007
- November 19, 2007

(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

14/B-495 The Chairman indicated that the next three regularly scheduled meeting dates of the Committee are listed. He stated that another meeting date going into 2008 will be added to have a regular quarterly meeting scheduled. This will assist Committee members when making plans and makes it easier for our out of town consultants as well.

This meeting was recorded on tape. The foregoing items were not necessarily considered in agenda order. Committee files contain copies of the subject reports, communications, resolutions, and ordinances, which may be reviewed upon request to the Chief Committee Clerk. The official copy of these minutes is available in the County Board Committee Services Division.

Length of meeting: 9:03 a.m. to 11:43 a.m.

Adjourned,

Jodi Kapp

Committee Clerk

Select Committee on Deferred Compensation

Chairperson: Steve Cady, 278-4347

Clerk: Jodi Mapp, 278-4073

SELECT COMMITTEE ON DEFERRED COMPENSATION

Thursday, March 29, 2007 – 1:30 p.m.

Milwaukee County Courthouse - Room 203-P

MINUTES

CASSETTE: 14; Side B, 504 to 690

PRESENT: Mark Grady, Susan Walker, Rick Ceschin, Veronica Britt, and Steve Cady (Chair)

SCHEDULED ITEMS:

**** CLOSED SESSION ****

The Committee may adjourn into closed session under the provisions of Wisconsin Statutes, Section 19.85(1)(e), for the purpose of discussing the following matter(s). The Committee may reconvene into open session to take whatever action(s) it may deem necessary on the said matter(s).

1. 07DC14 Discussion of whether the current contract with Great-West Retirement Services for third party administrator services should be renewed effective October 1, 2007 or whether a Request for Proposals (RFP) process should be initiated. **(Laid over on 02/12/2007 to the Call of the Chair.)**

B-516 ***ACTION BY: (Walker) Adjourn into closed session under the provisions of Wisconsin Statutes, Section 19.85(1)(e), for the purpose of discussing Item #1. At the conclusion of the closed session, the Committee may reconvene in open session to take whatever action(s) it may deem necessary on the aforesaid items. 5-0***

AYES: Grady, Walker, Ceschin, Britt and Cady (Chair) – 5

NOES: 0

The Committee convened into closed session at approximately 1:37 p.m. and reconvened in open session at approximately 2:04 p.m. The roll call was taken, and all Committee Members were present.

- B-535 The Chairman, for clarity, stated the current record keeping service contract with Great-West has a fee of \$73.80 per person per year. Under the contract extension offer put forth by Great-West, they would reduce that fee to \$67 per participant per year. That pricing would go into effect April 1, 2007. The rate was given to the Committee in a letter from Mr. Greg Seller, Senior Vice President of Government Markets, dated March 27, 2007.

SCHEDULED ITEMS (CONTINUED):

B-530 ***ACTION BY: (Grady) Allow the contract with Great-West Retirement Services to renew for one more year from October 1, 2007, to September 30, 2008, with the reduced contractual fee offered by Great-West in their letter to the Chair dated March 27, 2007. 5-0***

AYES: Grady, Walker, Ceschin, Britt and Cady (Chair) – 5

NOES: 0

B-543 Mr. Grady added that the reason for the motion is as the Committee has discussed in prior meetings, it would be difficult to RFP for record keeping services given the status of the Ceridian payroll conversion project and the implementation of said project.

2. 07DC15 Proposal from Ennis Knupp and Associates, outlining consulting services to assist the County in a Request for Proposals (RFP) process for third party administrator duties. **(Laid over on 02/12/2007 to the Call of the Chair.)**

B-516 ***ACTION BY: (Walker) Adjourn into closed session under the provisions of Wisconsin Statutes, Section 19.85(1)(e), for the purpose of discussing Item #2 above. At the conclusion of the closed session, the Committee may reconvene in open session to take whatever action(s) it may deem necessary on the aforesaid items. 5-0***

AYES: Grady, Walker, Ceschin, Britt and Cady (Chair) – 5

NOES: 0

The Committee convened into closed session at approximately 1:37 p.m. and reconvened in open session at approximately 2:04 p.m. The roll call was taken, and all Committee Members were present.

B-564 ***ACTION BY: (Ceschin) Accept Ennis Knupp's offer from February 2, 2007, for their services to aid in the development of the RFP process and authorize the Chair to negotiate the scope of those services.***

Discussion of the motion ensued.

B-575 The Chairman stated that in the offer extended by Ennis Knupp in the letter dated February 2, 2007, they suggested that there would be a fee of approximately \$30,000 to \$45,000 depending on the scope of the agreement. He indicated that he sees it as an ongoing matter as to what their involvement will be as far as putting together the RFP, helping to score the RFP, and how much analysis is needed for any investment changes that might be considered by the Committee. This is going to be up to the Committee to decide.

B-582 Mr. Grady offered a friendly amendment to Mr. Ceschin's motion to include the language "with a fee not to exceed \$45,000."

SCHEDULED ITEMS (CONTINUED):

Questions and comments ensued regarding billable hours and hourly rates.

- B-634 The Chairman suggested that he take the contract and try to put a few more definitions in it maybe to include billable hours or a breakdown of the cost. He also suggested starting it off with the goal of maintaining the current investment lineup.

Mr. Ceschin withdrew his previous motion and offered the following motion:

B-642

ACTION BY: (Ceschin) Retain Ennis Knupp to develop a custom RFP and further move to authorize the Chairman to outline a generic scope of services that is consistent with the current scope and report back for the May cycle what the estimated cost would be not to exceed \$45,000.

B-650

Mr. Ceschin withdrew the motion.

B-651

ACTION BY: (Grady) Authorize the Chairman to engage in discussions with Ennis Knupp and report back with a more defined contract for the May cycle.

AYES: Grady, Walker, Ceschin, Britt and Cady (Chair) – 5

NOES: 0

3. 07DC16 Future regularly scheduled meetings of the Select Committee on Deferred Compensation:

- May 21, 2007
- July 30, 2007
- November 19, 2007

(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

The Chairman indicated that the next three regularly scheduled meeting dates of the Committee are listed. He stated that responses for the audit RFP for the plan are expected back in the next few days. The deadline for the responses is March 30, 2007. There may be a special meeting held prior to the May 21st meeting date to review the RFPs.

SCHEDULED ITEMS (CONTINUED):

This meeting was recorded on tape. Committee files contain copies of the subject reports, communications, resolutions, and ordinances, which may be reviewed upon request to the Chief Committee Clerk. The official copy of these minutes is available in the County Board Committee Services Division.

Length of meeting: 1:34 p.m. to 2:20 p.m.

Adjourned,

Jodi Kapp

Committee Clerk

Select Committee on Deferred Compensation

Chairperson: Steve Cady, 278-4347
Clerk: Jodi Mapp, 278-4073

SELECT COMMITTEE ON DEFERRED COMPENSATION

Monday, April 30, 2007 – 8:30 a.m.

Milwaukee County Courthouse - Room 203-P

MINUTES

CASSETTE: 15; Side A, 001 to 035

PRESENT: Mark Grady, Susan Walker, Rick Ceschin, Veronica Britt, and Steve Cady (Chair)

SCHEDULED ITEMS:

**** CLOSED SESSION ****

The Committee may adjourn into closed session under the provisions of Wisconsin Statutes, Section 19.85(1)(e), for the purpose of discussing the following matter(s). The Committee may reconvene into open session to take whatever action(s) it may deem necessary on the said matter(s).

1. 07DC17 Review and deliberation of proposals for audit of third party administration of the Deferred Compensation Plan contract and possible selection of a firm to provide such services.

27 ***ACTION BY: (Britt) Adjourn into closed session under the provisions of Wisconsin Statutes, Section 19.85(1)(e), for the purpose of discussing Item #1. At the conclusion of the closed session, the Committee may reconvene in open session to take whatever action(s) it may deem necessary on the aforesaid items. 5-0***

AYES: Grady, Walker, Ceschin, Britt and Cady (Chair) – 5

NOES: 0

The Committee convened into closed session at approximately 8:35 a.m. The Committee did not reconvene back into open session.

SCHEDULED ITEMS (CONTINUED):

This meeting was recorded on tape. Committee files contain copies of the subject reports, communications, resolutions, and ordinances, which may be reviewed upon request to the Chief Committee Clerk. The official copy of these minutes is available in the County Board Committee Services Division.

Length of meeting: 8:33 a.m. to 9:42 a.m.

Adjourned,

Jodi Kapp

Committee Clerk

Select Committee on Deferred Compensation

Chairperson: Steve Cady, 278-4347

Clerk: Jodi Mapp, 278-4073

SELECT COMMITTEE ON DEFERRED COMPENSATION

Monday, May 21, 2007 – 9:00 a.m.

Milwaukee County Courthouse - Room 203-P

MINUTES

CASSETTE: 15; Side A, 035 to EOT
15; Side B, 001 to 348

PRESENT: Mark Grady, Susan Walker, Rick Ceschin, Veronica Britt, and Steve Cady (Chair)

SCHEDULED ITEMS:

**** CLOSED SESSION ****

The Committee may adjourn into closed session under the provisions of Wisconsin Statutes, Section 19.85(1)(f), for the purpose of discussing the following matter(s). The Committee may reconvene into open session to take whatever action(s) it may deem necessary on the said matter(s).

1. 07DC18 Appeal(s) from deferred compensation participant(s) of decisions regarding request(s) for hardship withdrawal(s) of funds from Milwaukee County's Deferred Compensation Plan.

APPEARANCE:

Marco Gruhalski, Great-West Retirement Services

There was one appeal of the decision by the Plan administrator to deny a request for hardship withdrawal.

ACTION BY: (Ceschin) Adjourn into closed session under the provisions of Wisconsin Statutes, Section 19.85(1)(f), for the purpose of discussing Item #1. At the conclusion of the closed session, the Committee may reconvene in open session to take whatever action(s) it may deem necessary on the aforesaid item. 5-0

AYES: Grady, Walker, Ceschin, Britt and Cady (Chair) – 5

NOES: 0

The Committee convened into closed session at approximately 9:05 a.m. and reconvened in open session at approximately 9:48 a.m. The roll call was taken, and all Committee Members were present.

SCHEDULED ITEMS (CONTINUED):

Discussion ensued, including an appearance by the individual appealing the denial by Great West.

ACTION BY: (Walker) Approve the recommendation of the Plan Administrator to deny the appeal request based on the evidence presented. 5-0

AYES: Grady, Walker, Ceschin, Britt and Cady (Chair) – 5

NOES: 0

2. 07DC19 Financial Update on Administration of Milwaukee County's Deferred Compensation Plan. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

A-204 The Chairman reviewed the 2007 Budget document (copy attached to original minutes) and explained that the first page gives a general overview of what has been spent thus far. The second page was updated due to the Committee's decision to suspend the collection of administrative fees. The Chairman went on to discuss gross asset fee revenue, accounting, record keeping services, fee reconciliation, and mutual fund fees as detailed in the budget document.

The Committee took no action regarding this informational report.

**** CLOSED SESSION ****

The Committee may adjourn into closed session under the provisions of Wisconsin Statutes, Section 19.85(1)(e), for the purpose of discussing the following matter(s). The Committee may reconvene into open session to take whatever action(s) it may deem necessary on the said matter(s).

3. 07DC20 Review and deliberation of proposals for audit of third party administration of the Deferred Compensation Plan contract and possible selection of a firm to provide such services.

APPEARANCE:

Jerry Heer, Director of Audits, County Board

A-145 Mr. Heer referred the Committee to the correspondence dated May 15, 2007, from Virchow Krause (copy attached to original minutes) that reflects a significant discount regarding their proposed fees and indicated that his recommendation to the Committee would be to go forward with the proposal at the amount listed in the fee quote. He stated he did stress to Virchow Krause that in subsequent years, the Committee would be in a position, if necessary, to redefine the scope which would trigger subsequent renegotiations on hours and fees. Virchow Krause believes that given the uncertainty of what that might involve, they are still standing by the 5% inflation proposal that is also included in the fee quote.

SCHEDULED ITEMS (CONTINUED):

Questions and comments ensued.

ACTION BY: *(Grady) Accept the proposal, along with the addendum dated May 15, 2007 setting forth proposed fees, and award the contract for the audit of third party administration of the Deferred Compensation Plan to Virchow Krause & Company. 5-0*

AYES: Grady, Walker, Ceschin, Britt and Cady (Chair) – 5

NOES: 0

4. 07DC21 Proposal from Ennis Knupp and Associates, outlining consulting services to assist the County in a Request for Proposals (RFP) process for third party administrator duties.

A-287 The Chairman stated that Ennis Knupp was requested to assist the Committee with the development of a Request for Proposals (RFP) for the Plan's record keeping services. Although the Committee did extend Great-West's contract for one additional year, it was still believed that it would be a good idea to get started on the RFP and not delay the process any further. The proposal that had come in from Ennis Knupp was not as sharp as was expected. Feedback from the Committee as to the items the Committee would be seeking in the development of the RFP was forwarded to Ennis Knupp to help them provide a more definitive price range. What the Committee has before them is a revised updated proposal from Ennis Knupp (copy attached to original minutes) based on that feedback.

ACTION BY: *(Grady) Adjourn into closed session under the provisions of Wisconsin Statutes, Section 19.85(1)(e), for the purpose of discussing Item #4. At the conclusion of the closed session, the Committee may reconvene in open session to take whatever action(s) it may deem necessary on the aforesaid item. 5-0*

AYES: Grady, Walker, Ceschin, Britt and Cady (Chair) – 5

NOES: 0

The Committee convened into closed session at approximately 10:04 a.m. and reconvened in open session at approximately 10:27 a.m. The roll call was taken, and all Committee Members were present.

ACTION BY: *(Grady) Accept the proposal from Ennis, Knupp & Associates dated April 20, 2007, outlining consulting services to assist Milwaukee County in a Request for Proposals (RFP) process for third party administrative duties. 5-0*

AYES: Grady, Walker, Ceschin, Britt and Cady (Chair) – 5

NOES: 0

SCHEDULED ITEMS (CONTINUED):

5. 07DC22 Proposal from Ennis Knupp and Associates, regarding an extension of its consulting contract from October 1, 2007 through September 30, 2010.

ACTION BY: (Grady) Adjourn into closed session under the provisions of Wisconsin Statutes, Section 19.85(1)(e), for the purpose of discussing Item #5. At the conclusion of the closed session, the Committee may reconvene in open session to take whatever action(s) it may deem necessary on the aforesaid item. 5-0

AYES: Grady, Walker, Ceschin, Britt and Cady (Chair) – 5

NOES: 0

The Committee convened into closed session at approximately 10:04 a.m. and reconvened in open session at approximately 10:27 a.m. The roll call was taken, and all Committee Members were present.

ACTION BY: (Britt) Accept the proposal from Ennis, Knupp & Associates dated May 11, 2007, regarding an extension of its consulting contract from October 1, 2007 through September 30, 2010. 5-0

AYES: Grady, Walker, Ceschin, Britt and Cady (Chair) – 5

NOES: 0

6. 07DC23 From Ennis Knupp and Associates, a report on American Funds Growth Fund R5. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

APPEARANCE:

Laurel Nicholson, Ennis Knupp and Associates

A-510 Ms. Nicholson stated that the Growth Fund of America has been a consistent strong performer. The multi-portfolio manager approach that is utilized is very compelling. The portfolio is divided into seven different pieces. There are six portfolio managers who manage each individual piece. There is a group of research analysts that manage the last piece and puts it all together to form one big portfolio. She indicated the firm's analyst staff is recognized as being very top caliber. They have very unusual and deep access to company management, so they are able to get in, meet with companies, and access the different firms that they are investing in. They have a lot of resources in terms of technology and development and typically offer very low fee products.

Ms. Nicholson went on to state there are some weaknesses associated with this fund. The main one being the size of the fund and the firm overall. Because it has done well, there's been a large inflow of assets into this manager. There is a fairly low turnover, which helps mitigate that. The portfolio structure, having

SCHEDULED ITEMS (CONTINUED):

seven different pieces, helps combat big movement issues. The size is something to be aware of. The firm has been split into two groups to better handle the size of the assets.

Ms. Nicholson mentioned at a previous meeting and reminded the Committee that the National Association of Securities Dealers (NASD) did fine this firm for some trading practices. They are contesting that finding and have not paid the fine. However, it is considered a blemish on their record. Overall, Ms. Nicholson indicated Ennis Knupp believes the firm is good. The fund has been performing very well, and their long-term performance of five plus years is still strong.

Questions and comments ensued.

The Committee took no action regarding this informational report.

7. 07DC24 First Quarter 2007 Performance Report, from Ennis Knupp and Associates.
(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

APPEARANCE:

Laurel Nicholson, Ennis Knupp and Associates

- A-358 Ms. Nicholson gave the Committee an update as it relates to the First Quarter 2007 Performance Report (copy attached to original minutes) providing a year-to-date overview summary of the Market Environment, Fixed Income Funds, Balanced Funds, U.S. Stock Funds, and Non-U.S. Stock Funds. She discussed overall fund performance for Milwaukee County's plan and detailed funds that returned negative performance during the first quarter and under performed their benchmarks.

Questions and comments ensued.

The Committee took no action regarding this informational report.

8. 07DC25 From Advised Assets Group, quarterly report on the Stable Value Fund.
(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

- A-710 The Chairman explained that what the Committee has in front of them is a market climate report providing a more detailed analysis of the Stable Value Fund (copy attached to original minutes) chronicling each of its holdings.

The Committee took no action regarding this informational report.

SCHEDULED ITEMS (CONTINUED):

9. 07DC26 From Great-West Retirement Services, quarterly report and status of Plan Enhancements. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

APPEARANCE:

Marco Gruhalski, Great-West Retirement Services

- A-724 Mr. Gruhalski reviewed the quarterly report (copy attached to original minutes) detailing enrollments and distributions, reality investing, web hits, and Milwaukee Service Center calls.

Questions and comments ensued.

The Committee took no action regarding this informational report.

10. 07DC27 Items related to the National Association of Government Defined Contribution Administrators, Inc. (NAGDCA)

A. Reaffirmation of Milwaukee County's membership in NAGDCA

- B-252 The Chairman explained that NAGDCA is the membership body that Milwaukee County belongs to. Dues were paid for the annual fee. He wants the Committee to reaffirm the 2007 membership and extend it to 2008.

Questions and comments ensued.

ACTION BY: (Ceschin) Reaffirm Milwaukee County's membership in NAGDCA for 2007 and 2008. 5-0

AYES: Grady, Walker, Ceschin, Britt and Cady (Chair) – 5

NOES: 0

B. Approval of proposed amendment to the NAGDCA Constitution

- B-280 The Chairman indicated that NAGDCA has emailed a reminder to cast a ballot for a proposed constitutional amendment to their bylaws. He provided the Committee with the entire constitution (copy attached to original minutes) and stated that the amendment itself is pretty straight forward. The Committee vote would be in support of eliminating the section "as a state association" and replacing it with "a local government member."

ACTION BY: (Grady) Approve the proposed amendment on behalf of Milwaukee County's plan. 5-0

AYES: Grady, Walker, Ceschin, Britt and Cady (Chair) – 5

NOES: 0

SCHEDULED ITEMS (CONTINUED):

C. 2007 NAGDCA annual conference

- B-296 The Chairman stated that the annual NAGDCA conference is being held in September of this year. Each year it is typical to authorize the Committee members to attend and participate in the conference. He provided the Committee with the entire conference agenda (copy attached to the original minutes). He stated that he believes this is an excellent source of fiduciary training.

ACTION BY: (Grady) Authorize any Committee members to attend the conference and be reimbursed for travel and other related expenses. 5-0

AYES: Grady, Walker, Ceschin, Britt and Cady (Chair) – 5

NOES: 0

11. 07DC28 Future regularly scheduled meetings of the Select Committee on Deferred Compensation:

- July 30, 2007
- November 19, 2007

(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

The Chairman indicated that the next two regularly scheduled meeting dates of the Committee are listed. He stated that all parties will be contacted regarding the 2008 schedule.

The Committee took no action regarding this informational item.

SCHEDULED ITEMS (CONTINUED):

STAFF PRESENT:

Jerry Heer, Director of Audits, County Board

This meeting was recorded on tape. The foregoing items were not necessarily considered in agenda order. Committee files contain copies of the subject reports, communications, resolutions, and ordinances, which may be reviewed upon request to the Chief Committee Clerk. The official copy of these minutes is available in the County Board Committee Services Division.

Length of meeting: 9:02 a.m. to 11:28 a.m.

Adjourned,

Jodi Kapp

Committee Clerk

Select Committee on Deferred Compensation

Chairperson: Steve Cady, 278-4347

Clerk: Jodi Mapp, 278-4073

SELECT COMMITTEE ON DEFERRED COMPENSATION

Tuesday, August 7, 2007 – 9:00 a.m.

Milwaukee County Courthouse - Room 203-P

MINUTES

CASSETTE: 15; Side B, 350 to EOT
16; Side A, 001 to EOT
16; Side B, 001 to EOT
17; Side A, 001 to 041

PRESENT: Mark Grady, Susan Walker, Rick Ceschin, Veronica Britt, and Steve Cady (Chair)

SCHEDULED ITEMS:

**** CLOSED SESSION ****

The Committee may adjourn into closed session under the provisions of Wisconsin Statutes, Section 19.85(1)(f), for the purpose of discussing the following matter(s). The Committee may reconvene into open session to take whatever action(s) it may deem necessary on the said matter(s).

The Committee did not go into closed session.

1. 07DC29 Appeal(s) from deferred compensation participant(s) of decisions regarding request(s) for hardship withdrawal(s) of funds from Milwaukee County's Deferred Compensation Plan.

15/B-359 **There were no appeals.**

2. 07DC30 Introduction of the Plan Audit Service Team from Virchow Krause & Company and M.L. Tharps and Associates. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

APPEARANCES:

Wayne Morgan, CPA/Partner, Virchow Krause & Company
Eric H. Waldron, CPA, Virchow Krause & Company

- 15/B-370 Mr. Morgan explained that they intend to conduct more than a blanket audit. They will focus on specific areas of concern, which is a great way for an entity or a group with fiduciary responsibility to evaluate a plan. He then introduced Mr. Waldron who will be the daily manager on the engagement.

SCHEDULED ITEMS (CONTINUED):

- 15/B-386 Mr. Waldron explained that what they have done since the planning process is take the Request for Proposals (RFP) along with preliminary planning meetings to further build their knowledge. Thus far, they have conducted the preliminary interviews and created the detailed audit plan, which will lay out very clearly the procedures and the goals. The Plan will be submitted back to the Chair and the Committee for confirmation that the RFP was interpreted correctly and the procedures are correct. Once that confirmation is received, execution will start. M.L. Tharps will be providing most of the testing services.

Mr. Waldron went on to state that, in addition to the basic procedures such as making sure everything is in compliance with the Internal Revenue Service (IRS) rules, they will be doing some creative processes around what type of information are the participants getting, how does that benchmark against other plans that are out there, and just looking at the Plan more comprehensively both from the wealth management side and potentially from the IT side. This will be a three year cycle. Their goal is to issue the first report in October.

Questions and comments ensued.

The Committee took no action regarding this informational report.

3. 07DC31 Financial Update on Administration of Milwaukee County's Deferred Compensation Plan. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

- 15/B-488 The Chairman reviewed the 2007 Budget document (copy attached to original minutes) and explained the last quarter's financial update. He discussed the year-to-date expenditures and revenues, the forfeiture account balance, record keeping fees, fee reconciliation, and mutual fund fees as detailed in the budget document.

Questions and comments ensued.

The Committee took no action regarding this informational report.

4. 07DC32 From Reinhart Boerner Van Deuren, regarding proposed changes to the Milwaukee County Plan of Deferred Compensation Governing Document to reflect Pension Protection Act of 2006 changes and to allow domestic relations orders.

APPEARANCE:

Bennett Choice, Reinhart Boerner Van Dueren

SCHEDULED ITEMS (CONTINUED):

- 15/B-534 Mr. Choice stated that as a result of a review of the Plan document, it was determined that there were changes to laws in the form of amendments that would be appropriate to adopt at this time. The following amendments incorporate these changes and are contained in the report (copy attached to the original minutes) that is before the Committee.

The first amendment presented to the Committee addressed Domestic Relations Orders. Mr. Choice explained that these apply when an employee is a participant in a plan and is going through a divorce. As part of the property settlement, the parties to the divorce must split that plan account in recognition of a court order. The law is now evolved where there are specific procedures in which public sector plans can adopt Plan approved domestic relations orders (PADRO). This law would allow an entity to recognize a domestic relations order that meets the prescribed requirements. The order, by law, would have to name the Plan to which it applies; be pursuant to certain domestic relations situations such as alimony, child support, or property division coincident with the divorce; it would have to name the parties; it would have to specify the amount or percentage of assets that are awarded to the alternate payee or former spouse; and specify how the former spouse could take those funds out of the plan.

Questions and comments ensued.

ACTION BY: (Grady) Approve the PADRO Amendment and the administrative rules to the Plan document. 5-0

AYES: Grady, Walker, Ceschin, Britt and Cady (Chair) – 5

NOES: 0

- 16/A-76 The second amendment presented addressed Non-spouse Beneficiary Rollover. Mr. Choice stated that this is an amendment that the Pension Protection Act added. He indicated the rules are if you are an employee participant in the Plan and you terminate employment, you can either take a taxable distribution in cash or you can take a rollover to an IRA or another plan which is tax free. That's also available if the employee participant dies and has a spouse that is the beneficiary. The spouse can then take a tax-free rollover. It's a good benefit to both. The law in the past said that if the beneficiary was not a spouse, they couldn't take a rollover, so the non-spouse beneficiary could only take a taxable cash distribution. Now, non-spouse beneficiaries can make tax-free rollovers. As part of this, they added administrative guidelines because it's not as easy as just simply saying now non-spouse beneficiaries can make a tax-free rollover. There are different rules that apply.

Questions and comments ensued.

SCHEDULED ITEMS (CONTINUED):

The Committee consensus was to take no action regarding this amendment at this time.

- 16/A-253 The third amendment presented addressed Expanded Notice Period for Electing Distributions. Mr. Choice stated it used to be that participants were supposed to have a 90 day window in which to elect benefits. It has now been expanded to 180 days. It was felt that employees did not have enough time to consider their options.

ACTION BY: (Grady) Incorporate the Expanded Notice Period for Electing Distributions from 90 to 180 days into the Plan document. 5-0

AYES: Grady, Walker, Ceschin, Britt and Cady (Chair) – 5

NOES: 0

- 16/A-278 The fourth amendment presented addressed Minimum Required Distributions. Mr. Choice stated the law has always said you had to distribute benefits at age 70-1/2. There are some recent guidelines that specifically said entities will rely on a Good Faith interpretation of the regulations issued. The only change that will be made is the addition of a specific reference to the most recent regulations that the IRS issued that you will rely on a Good Faith interpretation.

ACTION BY: (Grady) Approve the recommended change to the Minimum Required Distributions language. 5-0

AYES: Grady, Walker, Ceschin, Britt and Cady (Chair) – 5

NOES: 0

- 16/A-309 Mr. Choice reviewed other Pension Protection Act items that are not available yet, but if the Committee elects to make changes, the changes would be effective in 2008. The first was Roth IRA Rollovers. He explained that as it currently exists, if somebody takes a rollover from this Plan tax free, the Plan is designed to just take another traditional IRA. It would continue to grow, and when the participant took it out of that IRA, it would be a taxable distribution. Beginning next year, the Plan could allow participants to rollover to a Roth IRA when they make distribution. This does not apply to participants who are employed. If employment is terminated, they could then rollover to a Roth IRA and convert it so that they would then pay tax immediately on the distribution that they got from the Plan. It would go into the Roth and grow tax free. When they take it out of the Roth IRA, the growth on the earnings would be entirely tax free.

The next item was Hardship Distributions. Mr. Choice indicated that now you could get a hardship distribution if you have a financial emergency and it's defined in the law of the Plan, which relates to the expenses of the participant. It would be proposed to be expanded to look at the participant's designated beneficiary's needs.

SCHEDULED ITEMS (CONTINUED):

Questions and comments ensued.

The Committee consensus was to take no action regarding these items at this time.

- 16/A-393 The last two items were Permissive Service Credit and Retiree Health Benefits and Long Term Care Insurance for Public Safety Employees. Permissive Service Credit is the ability to use your account to purchase service credit in another plan. Mr. Choice indicated that he believes this goes beyond what this entity would want to do. Retiree Health Benefits and Long Term Care Insurance for Public Safety Employees would allow the Plan to take a distribution to pay retiree health care premiums if you are a public safety officer up to \$3,000 a year, which is a tax benefit.

Questions and comments ensued.

The Committee consensus was to take no action regarding these items at this time.

Mr. Choice indicated that he would prepare a new document that will include the amendments and the various policies that were adopted today by the Committee and forward it to the Chair for distribution.

Discussion ensued regarding the best practices to notify participants of changes to the Plan document. The consensus of the Committee was to allow the Chairman to develop a communication to participants regarding the governing Plan document including the approved changes.

5. 07DC33 From Ennis Knupp and Associates, regarding oversight of Milwaukee County Deferred Compensation Plan Fees.

APPEARANCE:

Laurel Nicholson, Ennis Knupp and Associates

- 16/A-527 Ms. Nicholson provided an overview of the power point presentation report (copy attached to original minutes) and stated there has been recent litigation that has intensified the scrutiny of fees including fee disclosure and revenue sharing. Fee disclosure and fee information is important to participants and general knowledge about it would benefit them. She reviewed in detail revenue sharing, fund expense ratios, plan fees litigation, and disclosure to participants. Ms. Nicholson explained things Milwaukee County could be doing differently and the appropriate oversight of Deferred Compensation Plan fees.

Questions and comments ensued.

SCHEDULED ITEMS (CONTINUED):

The consensus of the Committee was to have the Chairman work with Ennis Knupp to develop a communication to participants on Plan fees that could potentially be mailed in conjunction with the governing Plan document changes outlined in the previous item.

The Committee took no action regarding this item.

6. 07DC34 From Ennis Knupp and Associates, a report on J.P. Morgan Capital Growth Fund.
(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

APPEARANCE:

Laurel Nicholson, Ennis Knupp and Associates

- 16/B-203 Ms. Nicholson stated the J.P. Morgan fund out performed during the second quarter. In addition to the second quarter, a stronger performance in May and June has lead to a year-to-date return of 11.6 percent versus the performance benchmark of 11 percent. The longer term performance is still not quite there with the benchmark, but it's right up there. She indicated they compared this fund to several competitors. J.P. Morgan Capital Growth fund compares adequately to its competitive funds. Since the new management team was put in place back in the beginning in 2001, there was only two periods of underperformance. Ms. Nicholson went on to state that besides those two periods, performance has been fairly favorable and positive. J.P. Morgan's positive performance supports her belief that this is a fine fund for the Plan.

Questions and comments ensued.

The Committee took no action regarding this informational report.

7. 07DC35 Second Quarter 2007 Performance Report, from Ennis Knupp and Associates.
(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

APPEARANCE:

Laurel Nicholson, Ennis Knupp and Associates

- 16/B-38 Ms. Nicholson gave the Committee an update as it relates to the Second Quarter 2007 Performance Report (copy attached to original minutes) providing a year-to-date overview summary of the Market Environment, Fixed Income Funds, Balanced Funds, U.S. Stock Funds, and Non-U.S. Stock Funds. She discussed overall fund performance for Milwaukee County's Plan and detailed funds that returned negative performance during the second quarter and under performed their benchmarks.

SCHEDULED ITEMS (CONTINUED):

Questions and comments ensued.

The Committee took no action regarding this informational report.

**** CLOSED SESSION ****

The Committee may adjourn into closed session under the provisions of Wisconsin Statutes, Section 19.85(1)(e), for the purpose of discussing the following matter(s). The Committee may reconvene into open session to take whatever action(s) it may deem necessary on the said matter(s).

The Committee did not go into closed session.

8. 07DC36 From Ennis Knupp and Associates, Third Party Administrator search timeline.

16/B-445 The Chair explained that this item is a follow-up report on the decision to retain Ennis Knupp to help with the third party administrator Request for Proposals (RFP). The document is a draft document for the Committee's review and is subject to change.

The Committee took no action regarding this informational report.

16/B-468 Ms. Nicholson distributed information to the Committee regarding Ennis Knupp's 2007 Client Conference in Chicago and encouraged attendance.

9. 07DC37 From Great West Retirement Services, requesting designation of a Plan default fund for the investment of any undesignated monies deposited by participants.

APPEARANCE:

Paul Corchado, Great-West Retirement Services

16/B-520 Mr. Corchado explained that the Committee would need to select a default fund for the Plan for any monies that may come in and have not been directed to a specific investment option. He discussed the proper default funds that were available. The options available are managed accounts, lifecycle funds, and the T. Rowe Price Personal Strategy Balanced fund. Participants have 10 business days to make selections. If there is no default option, the money has to be returned.

Questions and comments ensued.

ACTION BY: (Ceschin) Designate the T. Rowe Price Personal Strategy Balanced Fund as the default fund option for the Plan. 5-0

AYES: Grady, Walker, Ceschin, Britt and Cady (Chair) – 5

NOES: 0

SCHEDULED ITEMS (CONTINUED):

10. 07DC38 From Great-West Retirement Services, quarterly report and status of Plan Enhancements. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

APPEARANCE:

Marco Gruhalski, Great-West Retirement Services

- 16/B-604 Mr. Gruhalski started by stating that at this time, he is working alone, and it's hurting the numbers a bit regarding group and individual meetings. He reviewed the quarterly report (copy attached to original minutes) detailing enrollments and distributions, reality investing, web hits, and Milwaukee Service Center calls. The pages of the report that address web hits and Milwaukee Service Center calls should reflect numbers for the months of April, May and June. Mr. Gruhalski also indicated that the numbers for the total calls listed for the Milwaukee Service Center calls are incorrect. He stated that the numbers will be corrected and an updated version will be forwarded.

Questions and comments ensued.

The Committee took no action regarding this informational report.

11. 07DC39 Selection of at-large member to the National Association of Government Defined Contribution Administrators, Inc. (NAGDCA) Executive Board.
- 17/A-01 The Chair explained that Milwaukee County, as a government entity, has one vote as a member of NAGDCA to select a candidate for a vacant at-large member executive board position.
- 17/A-10 ***ACTION BY: (Grady) Select Gay Lynn Barth as a member of the NAGDCA Executive Board. 5-0***
AYES: Grady, Walker, Ceschin, Britt and Cady (Chair) – 5
NOES: 0

12. 07DC40 Future regularly scheduled meetings of the Select Committee on Deferred Compensation:

- November 19, 2007
- February 11, 2008
- May 19, 2008
- July 28, 2008
- November 17, 2008

(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

SCHEDULED ITEMS (CONTINUED):

- 17/A-28 The Chairman indicated that the last regularly scheduled meeting date of the year for the Committee is listed. He indicated that he also listed the 2008 meeting schedule to provide more certainty to the vendors who are responsible for putting together the quarterly reports. If there is a need to have any special meetings, all concerned parties will be notified.

The Committee took no action regarding this informational item.

This meeting was recorded on tape. Committee files contain copies of the subject reports, communications, resolutions, and ordinances, which may be reviewed upon request to the Chief Committee Clerk. The official copy of these minutes is available in the County Board Committee Services Division.

Length of meeting: 9:03 a.m. to 11:51 a.m.

Adjourned,

Jodi Kapp

Committee Clerk

Select Committee on Deferred Compensation

Chairperson: Steve Cady, 278-4347

Clerk: Jodi Mapp, 278-4073

SELECT COMMITTEE ON DEFERRED COMPENSATION

Monday, November 19, 2007 – 9:00 a.m.

Milwaukee County Courthouse - Room 203-P

MINUTES

**CASSETTE: 17; Side A, 041 to EOT
17; Side B, 001 to 452**

PRESENT: Mark Grady, Susan Walker, Rick Ceschin, Veronica Britt, and Steve Cady (Chair)

SCHEDULED ITEMS:

**** CLOSED SESSION ****

The Committee may adjourn into closed session under the provisions of Wisconsin Statutes, Section 19.85(1)(f), for the purpose of discussing the following matter(s). The Committee may reconvene into open session to take whatever action(s) it may deem necessary on the said matter(s).

The Committee did not go into closed session.

1. 07DC41 Appeal(s) from deferred compensation participant(s) of decisions regarding request(s) for hardship withdrawal(s) of funds from Milwaukee County's Deferred Compensation Plan.

17/A-55 **There were no appeals.**
2. 07DC42 Financial Update on Administration of Milwaukee County's Deferred Compensation Plan:
 - Third Quarter Reconciliation Reports
 - Status of Plan Administrative Fee Holiday
 - Review of 2008 Budget Draft
17/A-64 The Chairman stated that the financial report (copy attached to original minutes) before the Committee is in its usual format and is a compilation of year-to-date expenses and revenues, a fee reconciliation update through the third quarter, mutual fund fees/re-allowances, and projected 2008 expenditures and revenues, which he reviewed in detail.

SCHEDULED ITEMS (CONTINUED):

Questions and comments ensued.

ACTION BY: (Grady) Extend the Administrative Fee Plan Holiday for an additional quarter through the first quarter of 2008. 5-0

AYES: Grady, Walker, Ceschin, Britt and Cady (Chair) – 5

NOES: 0

3. 07DC43 Third Quarter 2007 Performance Report from Ennis Knupp and Associates. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

APPEARANCES:

Russ Ivinjack, Ennis Knupp and Associates

Jamie McAllister, Ennis Knupp and Associates

Nathan Tritle, Ennis Knupp and Associates

- 17/A-207 Mr. Ivinjack gave the Committee an update as it relates to the Third Quarter 2007 Performance Report (copy attached to original minutes) providing a broad year-to-date overview summary of the Market Environment, Fixed Income Funds, Balanced Funds, U.S. Stock Funds, and Non-U.S. Stock Funds. He also discussed overall fund performance for Milwaukee County's Plan.

- 17/A-376 Mr. Tritle provided investment highlights detailing funds that returned negative performance during the third quarter and under performed their benchmarks focusing on PIMCO and Ariel Appreciation Funds. Mr. Tritle also compared PIMCO and Ariel Appreciation to their peer universe.

Questions and comments ensued.

The Committee took no action regarding this informational report.

4. 07DC44 Annual Plan Review from Ennis Knupp and Associates. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

APPEARANCE:

Russ Ivinjack, Ennis Knupp and Associates

- 17/A-615 Mr. Ivinjack explained that annually, Ennis Knupp takes a broader look at what is going on in the marketplace and figures out how it applies to the Plan itself. He discussed key points in the annual review report (copy attached to original minutes) which included the full array of investment options and services offered to participants that will enable them to build a portfolio that meets their needs, participation and deferral rates, plan asset allocation, investment advice, fees, and the global equity stock market. Best practices suggested included automatic

SCHEDULED ITEMS (CONTINUED):

enrollment, automatic deferral increases, and the use of lifestyle or lifecycle funds as the default option.

Questions and comments ensued.

- 17/A-759 The Chairman distributed correspondence from Ennis and Knupp (copy attached to original minutes) regarding the expansion of their investment consulting services. Mr. Ivinjack stated that in addition to non-discretionary advisory services, they will now offer discretionary advisory services. In response to a question posed by the Chairman, Mr. Ivinjack stated that Ennis Knupp does not and will not accept fees or payments from investment funds the firm reviews.

The Committee took no action regarding this informational report.

**** CLOSED SESSION ****

The Committee may adjourn into closed session under the provisions of Wisconsin Statutes, Section 19.85(1)(e), for the purpose of discussing the following matter(s). The Committee may reconvene into open session to take whatever action(s) it may deem necessary on the said matter(s).

5. 07DC45 From Ennis Knupp and Associates, Draft of Third Party Administrator Request for Proposals (RFP).

- 17/B-14 ***ACTION BY: (Ceschin) Adjourn into closed session under the provisions of Wisconsin Statutes, Section 19.85(1)(e), for the purpose of discussing Item # 5. At the conclusion of the closed session, the Committee may reconvene in open session to take whatever action(s) it may deem necessary on the aforesaid item. 5-0***

AYES: Grady, Walker, Ceschin, Britt and Cady (Chair) – 5

NOES: 0

The Committee convened into closed session at approximately 10:02 a.m. and reconvened in open session at approximately 11:06 a.m. The roll call was taken and all Committee Members were present.

- 17/B-33 ***ACTION BY: (Grady) Issue the RFP with the revisions discussed in closed session as soon as administratively possible, advertise the RFP in the appropriate professional publications and the Daily Reporter, and Committee members be authorized to attend the bidder's conference. 5-0***

AYES: Grady, Walker, Ceschin, Britt and Cady (Chair) – 5

NOES: 0

SCHEDULED ITEMS (CONTINUED):

6. 07DC46 From Advised Assets Group, quarterly report on the Stable Value Fund.
- 17/B-54 The Chairman stated that this is the quarterly informational report on the Stable Value Fund (copy attached to original minutes). He stated that participants will be credited with a 4.9% interest rate for the fourth quarter. That is a slight increase of five basis points from the third quarter.

The Committee took no action regarding this informational report.

7. 07DC47 From Great-West Retirement Services, quarterly report and status of Plan Enhancements:
- Office Staffing/Infrastructure Improvements
 - Beneficiary Recordkeeping

APPEARANCES:

Marco Gruhalski, Great-West Retirement Services
Sue Oelke, Great-West Retirement Services

- 17/B-72 Mr. Gruhalski started by providing a standard breakdown of the meetings conducted throughout the quarter. He reviewed the quarterly report (copy attached to original minutes) detailing enrollments and distributions, reality investing net enrollments, web hits, and Milwaukee Service Center calls.

Questions and comments ensued.

- 17/B-230 The Chairman introduced Ms. Charmaine Martin, the new on-sight account representative, who will be working with Mr. Gruhalski. He indicated that the position that Ms. Martin now occupies has been vacant since March of this year. Great-West was very sensitive to the situation and graciously offered a \$1,000 a month abatement on fees for that period. The total fee abatement offered by Great-West is \$8,000.

The Chairman went on to state he recently did a walk-through of the Deferred Compensation Office that Great-West rents from the County and noticed it is in need of paint and carpet. A bid was received from Facilities Management for under \$1,500 to accomplish those things. This would be a way of improving the space that our record keeper uses without using direct plan fees paid for by participants. Some of the dollars that Great-West would be looking to credit the Plan account would be used.

Questions and comments ensued.

SCHEDULED ITEMS (CONTINUED):

ACTION BY: (Ceschin) Accept the offer from Great-West Retirement Services regarding the \$1,000 a month or \$8000 abatement for the eight months the account representative position was left vacant and approve renovations (paint and carpet) to the on-sight office space occupied by Great-West to be done by Facilities Management at an estimated cost of \$1,500. 5-0

AYES: Grady, Walker, Ceschin, Britt and Cady (Chair) – 5

NOES: 0

- 17/B-341 Ms. Oelke informed the Committee that Great-West has the ability to electronically maintain beneficiary information and print it on the participant's statement. Great-West is proposing to assume that responsibility from the County and become the beneficiary record keeper for the Plan. This responsibility could also be passed on to any third party administrator that the County would have in the future. If the Committee would decide in favor of this, Great-West would send a communication out in the newsletter notifying and encouraging everyone to complete a new beneficiary designation form. Some people haven't changed their beneficiaries since they originally enrolled. The beneficiary designation forms would be moved to their corporate office, scanned electronically, and loaded into the database. The beneficiaries would then be displayed on the participants quarterly statement. This service would be absorbed within the current contract fees, however, a new agreement would be needed to include this service.

- 17/B-366 The Chairman indicated that he forwarded the letter from Great-West to Ben Choice and requested input. Mr. Choice's response was he thought it was an excellent idea considering the amount of litigation that goes on regarding beneficiaries.

ACTION BY: (Walker) Proceed with the amendment to the contract to include beneficiary record keeping as a part of Great-West's services with this to be absorbed in their current fees in conjunction with the plan of action outlined in their October 11, 2007 communication. 5-0

AYES: Grady, Walker, Ceschin, Britt and Cady (Chair) – 5

NOES: 0

- 17/B-400 Ms. Oelke provided additional information stating that there has been a massive increase of the number of emergency withdrawal applications seen within the industry over the last eighteen months. This is mostly attributed to the overall state of the economy. People are experiencing foreclosures and the loss of jobs. As a result, the number of emergency withdrawals that are coming through at the local level have now gone from being part of the on-sight representative's function to being a large component of the on-sight representative's function. The

SCHEDULED ITEMS (CONTINUED):

complexity of dealing with these applications is becoming a concern. On-sight representatives are not attorneys, and they do not have expertise in this field. Corporate has been trying to define where the best place is to process emergency withdrawal applications to keep them confidential and have them reviewed by an attorney to ensure compliance.

Ms. Oelke went on to state that with the larger plans, Great-West is offering a service to assign the emergency withdrawal process to their corporate correspondence team. There are attorneys within that team that will review all the applications and talk to participants (or a paralegal from the team would talk to participants) to make sure they have all the necessary information. It also moves it from the local team to the corporate team, so people don't feel like they are giving personal information to someone they know. Great-West at the local level would still be able to answer questions and assist participants with filling out the application. From a corporate point of view, this is the way large plans need to operate. A proposal will be brought back before the Committee at a later date regarding this issue for consideration.

8. 07DC48 Future regularly scheduled meetings of the Select Committee on Deferred Compensation:

- February 11, 2008
- May 19, 2008
- July 28, 2008
- November 17, 2008

(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

- 17/B-435 The Chairman indicated that he has heard back in the affirmative from all Committee members regarding the 2008 meeting schedule. He stated that Monday, December 10, 2007, at 9:00 a.m. would be the date of the special meeting being held to allow Virchow Krause to outline their report of the Plan audit. A report will be distributed to the Committee prior to the meeting. Once the meeting is held, a final report will be issued.

The Committee took no action regarding this informational item.

SCHEDULED ITEMS (CONTINUED):

This meeting was recorded on tape. Committee files contain copies of the subject reports, communications, resolutions, and ordinances, which may be reviewed upon request to the Chief Committee Clerk. The official copy of these minutes is available in the County Board Committee Services Division.

Length of meeting: 9:00 a.m. to 11:36 a.m.

Adjourned,

Jodi Kapp

Committee Clerk

Select Committee on Deferred Compensation

Chairperson: Steve Cady, 278-4347

Clerk: Jodi Mapp, 278-4073

**SPECIAL MEETING
SELECT COMMITTEE ON DEFERRED COMPENSATION**

Monday, December 10, 2007 – 9:00 a.m.

Milwaukee County Courthouse - Room 203-P

MINUTES

**CASSETTE: 17; Side B, 453 to EOT
18; Side A, 001 to EOT**

PRESENT: Mark Grady, Susan Walker, Rick Ceschin, Veronica Britt, and Steve Cady (Chair)

SCHEDULED ITEMS:

1. 07DC49 From Virchow Krause & Company, Milwaukee County 2007 Deferred Compensation Plan Review.

APPEARANCES:

Wayne Morgan, Partner, Virchow Krause & Company
Eric Waldron, Manager, Virchow Krause & Company
Chad O'Brien, Senior Manager, Virchow Krause & Company
Jerome Heer, Director of Audits, County Board

- 17/B-466 Mr. Morgan provided an overview of the plan review report (copy attached to original minutes) detailing how the engagement was set up and fiduciary responsibility. He began his presentation by touching base upon their objectives, approach, and scope. Mr. Morgan explained the engagement was focused on limited scope procedures in the areas of County fiduciary responsibility, deposits, forfeitures, Great-West Plan compliance, investments, and withdrawals.
- 17/B-494 Mr. Waldron addressed dispute resolution which is the one planned step that could not be performed because they couldn't get the data they needed to perform the test. After speaking with Great-West and payroll, Mr. Waldron indicated that dispute resolution is not a major issue with Milwaukee County.
- 17/B-508 Mr. Morgan stated based on limited procedures performed, there are some reportable findings noted which are detailed in the report. Outside of the exceptions noted (key controls, processing and procedures), systems for in-scope areas appear adequate and seem to be operating effectively. Overall, the control environment designed and operated by the Committee and Great-West appears adequate and properly managed. In addition, Great-West is substantially in

SCHEDULED ITEMS (CONTINUED):

compliance with the contract, the Plan administration agreement is generally being followed, and applicable IRC rules and regulations are largely being met. Mr. Morgan also discussed planning for next year emphasizing the County's fiduciary responsibility. The highest best practice benchmark in fiduciary responsibility would be the Committee's clear documentation of key decisions made relative to the Plan. This would also be in the best interest of the participants.

- 17/B-562 Mr. Waldron reviewed the entire report covering the executive summary, statement on fiduciary responsibility, the engagement plan, the engagement report, and recommendations for control efficiencies. This was also done to familiarize the Committee members with the report directing them to specific sections where information can be found. He focused on the engagement report and explained in detail the executive summary of observations, which were ranked by an assessment of priority.

Questions and comments ensued at length.

- 17/B-756 Mr. Heer commented on what the full impact Ceridian might do to the process for managing the Plan. He advised the Committee to follow up on the recommendations made by Virchow Krause. He stated that he thinks the information supplied to the Committee regarding fiduciary responsibility is very important and will be for years to come.

- 18/A-233 Mr. Waldron, at the request of the Committee, reviewed the recommendations for control efficiencies and the satisfactory survey in detail.

The Committee took no action regarding this informational item.

2. 07DC50 Future regularly scheduled meetings of the Select Committee on Deferred Compensation:

- February 11, 2008
- May 19, 2008
- July 28, 2008
- November 17, 2008

(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

- 18/A-731 The Chairman indicated that the next regularly scheduled meeting is February 11, 2008. However, the Request for Proposals (RFP) responses are due back January 4, 2008. He stated he would like to hold another special meeting prior to the February 11th meeting date to discuss the responses and to have Ennis

SCHEDULED ITEMS (CONTINUED):

Knupp present their initial findings. The Chairman will contact the Committee later regarding the special meeting date.

The Committee took no action regarding this informational item.

ADDENDUM ITEM

3. 07DC51 From Great-West Retirement Services, submitting a proposal to restructure the processing of emergency withdrawals.

APPEARANCE:

Sue Oelke, Great-West Retirement Services

- 18/A-583 Ms. Oelke directed the Committee's attention to the letter (copy attached to original minutes) regarding emergency withdrawal processing. She stated there has been a massive increase of the number of emergency withdrawal applications that are requested, reviewed, and processed. The level of detail that is now required for emergency withdrawal applications, the information participants need to provide, and the confidentiality as it pertains to the information is a concern when being handled at the local level. This workload is deterring the on-site representatives from focusing on answering questions, enrollment, handling retirees, etc. She indicated that Great-West has started to move their large clients review of emergency withdrawal applications into their corporate office. There is a team of individuals who work with the supervision of an attorney is to review these applications. They make sure that everything is consistent and that they are meeting IRS guidelines.

Ms. Oelke recommended that this function be moved from the local service team to the corporate correspondence team. Great-West, at the local level, would still be able to answer questions and assist participants with filling out the application and the call center will still be able to help them. An 800 number will also be provided so that they may reach the people in Denver who are actually reviewing the applications.

Questions and comments ensued.

ACTION BY: (Ceschin) Approve the recommendation as outlined in the letter from Great-West dated December 4, 2007, with the request that Great-West submit to the Committee an administrative rules and guidelines document along with information on where to direct callers. 5-0

AYES: Grady, Walker, Ceschin, Britt and Cady (Chair) – 5

NOES: 0

SCHEDULED ITEMS (CONTINUED):

- 18/A-717 The Chairman shared information with the Committee regarding the 2007 National Association of Government Defined Contribution Administrators (NAGDCA) Conference and distributed the conference report (copy attached to original minutes).

STAFF PRESENT:

Jerome Heer, Director of Audits, County Board of Supervisors

This meeting was recorded on tape. The foregoing items were not necessarily considered in agenda order. Committee files contain copies of the subject reports, communications, resolutions, and ordinances, which may be reviewed upon request to the Chief Committee Clerk. The official copy of these minutes is available in the County Board Committee Services Division.

Length of meeting: 9:02 a.m. to 10:43 a.m.

Adjourned,

Jodi Rapp

Committee Clerk

Select Committee on Deferred Compensation